

## THE END OF RETIREMENT

Are you ready for a world in which the concept of "retirement" has come to an end? If not, you'd better be, as this is likely to rapidly emerge as the most significant issue for every organization through the next ten years. That's because right now, we have a "perfect storm" brewing that involves three succinct but inter-related trends that will see the ongoing involvement of people well past the age of 65 in the workforce.

### Skills shortage looming

Simple demographics suggest that we will soon see a significant skills shortage throughout the North American economy as a result of the ever increasing number of baby boomers entering their retirement years.

Quite simply, a lot of specialized expertise is set to walk out of our economy, and the potential impact is frightening. For example, it is expected that by 2010 we will see a shortage of up to 400,000 nurses in the US. This is happening just as the health care system will find itself under increasing strain as those same aging baby boomers beginning to enter retirement begin to place additional demand on the system.

That type of reality is looming in every industry and every profession. The Bureau of Labor Statistics, for example, estimates that over the next 10 years, demand for electricians will grow by 23%, or 154,000 new workers. There is already growing alarm over where those skills are going to come given demographic trends. What this means is that everyone will soon find themselves in a situation in which they are unable to access and find the talent that they need to get the job done.

### Funding shortfall

But wait – there's an interesting twist to the retirement issue, and that is that it is quite likely that many baby boomers will find it increasingly difficult to finance their golden years. This is due to the realization by many that there are perhaps significant shortfalls in both private and public pension plans as a result of past investment decisions. Add to that the fact that many boomers simply don't participate in any type of formal pension plan. They lost any semblance of job security through the last decade, as a result of ongoing corporate downsizing, outsourcing and offshoring, and because of an increasing reliance by the business world for part time, "freelance" based work assignments. The only thing that will carry them into the future is a smallish government plan and whatever they managed to put away on their own – and they will soon suffer from their reticence in doing the latter.



*As featured in the February 2005 issue of Executive News Magazine By Jim Carroll, FCA.*

### Longer life expectation

Add to these trends an even more interesting fact — baby boomers can expect to live longer than any previous generation. They'll have a lot of time to kill – and will probably use this time to earn a little bit of extra money. Worldwide, we have witnessed some pretty rapid advances in medical knowledge through the last several decades. The Australian Financial Review recently noted, for example, that we will see an increase of 250% in the number of people in the 85+ age category. The result is a dramatic lengthening in the period of retirement: men currently aged 55 will likely live for another 32 years on average, while woman will live an additional 36 years.

It just doesn't add up. Take these three trends, and it seems painfully obvious where we are headed – massive numbers of baby boomers are certainly headed for retirement. Yet, they are going to learn that they might not be able to afford it, particularly given that the length of time in their sunset years could be a lot longer than the actuarial tables used in pension formulas presumed.

Result? They're going to want to keep on working – just as organizations start realizing that they desperately need their skills. Several issues become readily apparent. First, you've got to prepare – and fast – for a future in which your workforce will consist of an ever-increasing number of people older than 65. What types of unique policies might need to be put in place. What do you do with medical and benefits issues.

Second, these individuals won't want to work within the traditional "corporate model." Past their prime, they'll offer to provide you the skills that you demand on their terms, since they know they will be in the driver's seat. They'll be nomadic workers, able to fulfill their function and provide their skills from anywhere, even if that that means they are doing so from a golf course via their Blackberry. The relationship you have with them will be collaborative, electronic, and likely long-distance.